

Message Text

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ORIGIN AF-08

INFO OCT-01 EUR-12 ISO-00 PM-04 L-03 AID-05 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 SSO-00

INRE-00 USIE-00 /064 R

DRAFTED BY AF/C:MFGALLAGHER:GJB

APPROVED BY AF/C:EMARKS

AF/I:JAANDEREGG

DSAA:CJEFFCOAT

PM/SAS:DHESTER (INFO)

----- 071887

O R 252056Z MAY 76

FM SECSTATE WASHDC

TO AMEMBASSY KINSHASA IMMEDIATE

INFO AMEMBASSY BRUSSELS

SECDEF

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E.O. 11652: N/A

TAGS: MASS, EFIN, CG, US

SUBJECT: CHASE MANHATTAN DOD GUARANTEED LOAN FOR THE
PURCHASE OF US DEFENSE ARTICLES

REF: GALLAGHER-NETTLES LETTER OF APRIL 7, 1976

PASS ZAMISH

1. DEPT OFF AND DOD OFF HAVE BEEN CONTACTED BY CHASE
MANHATTAN AS REGARDS ARREARAGES DUE ON CHASE MANHATTAN
DOD GUARANTEED LOAN FOR THE PURCHASE OF US DEFENSE
ARTICLES. ROBERT HOEN TOLD DEPTOFF THAT WHILE HOEN WAS
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IN KINSHASA HE DID MAKE POINT TO FINANCE MINISTER

BOFOSSA THAT CHASE WOULD APPRECIATE PAYMENT ON ARREARAGES AS SOON AS POSSIBLE. HOWEVER, IT WAS NOT UNTIL HOEN RETURNED TO THE US DID HE DISCOVERED THAT ACCORDING TO THE GUARANTEE AGREEMENT, DOD CANNOT GUARANTEE THE INTEREST THAT IS ACCURING ON THE LOAN FROM OCTOBER 31, 1975, 30 DAYS AFTER THE LOAN IS IN TECHNICAL DEFAULT, UNTIL SUCH TIME AS THE LOAN IS AGAIN CURRENT. HOEN ADMITS THAT THE BLAME FOR THIS MISUNDERSTANDING LIES WITH CHASE, AS DEFENSE HAD PROPERLY NOTIFIED THEM OF THIS ACTION IN OCTOBER AND HOEN APOLOGIZES TO BOFOSSA FOR NOT HAVING MADE THIS POINT CLEAR WHEN THEY MET.

2. HOEN NOW WISHES THAT EMBASSY AND/OR ZAMISH (WHICHEVER IS APPROPRIATE) MAKE IT CLEAR TO THE GOZ THAT THEY CAN NO LONGER DELAY EXERCISING OF THE DOD GUARANTEE. HOEN STATES THAT IF PAYMENT, OR A FIRM COMMITMENT FOR PAYMENT, GIVING EXACT DATES AND AMOUNTS IS NOT MADE BY FRIDAY, MAY 28, CHASE WILL TRAVEL TO WASHINGTON ON JUNE 1 TO START THE WHEELS IN MOTION OF EXERCISING THE GUARANTEE.

3. IF THE GUARANTEE IS PAID TO CHASE, GOZ SHOULD REALIZE THAT UNDER EXISTING LEGISLATION IT WILL BE IMPOSSIBLE FOR DOD TO EXTEND NEW CREDITS TO ZAIRE UNTIL SUCH TIME AS THE LOAN IS AGAIN CURRENT. FURTHER- MORE DOD HAS NEVER HAD TO MAKE PAYMENT UNDER THE GUARANTEE PROGRAM. SEE REF LETTER FOR MORE DETAILS. SISCO

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